

Message Text

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PAGE 01 STATE 214257
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DRAFTED BY EUR/WE:EMROWELL:MS

APPROVED BY EUR - MR. VINE

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EUR/SE - MR. LEDSKY

DESIRED DISTRIBUTION

EUR ONLY

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R 080038Z SEP 77

FM SECSTATE WASHDC

TO AMEMBASSY LISBON

AMEMBASSY VALLETTA

AMEMBASSY ATHENS

AMEMBASSY NICOSIA

AMEMBASSY BUCHAREST

AMEMBASSY BELGRADE

C O N F I D E N T I A L STATE 214257

STADIS////////////////////////////////////

E.O. 11652: GDS

TAGS:EGEN, PO, MT

SUBJECT: OPIC FINANCIAL COVERAGE

1. PURSUANT TO AN ECONOMIC POLICY GROUP DECISION MADE LAST
SPRING TO REDIRECT OPIC RESOURCES TOWARD THE POOREST
COUNTRIES OF THE WORLD, THE OPIC BOARD HAS PROPOSED A RULE
THAT WOULD CUT BACK OPIC FINANCIAL COVERAGE FOR COUNTRIES
WITH ANNUAL PER CAPITA INCOMES GREATER THAN \$1,000 (CON-
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STANT 1975 DOLLARS). ADDRESSEES FALL WITHIN THE
CATEGORY OF COUNTRIES THAT COULD EXPECT SOME REDUCTION IN
OPIC COVERAGE AS A RESULT OF THIS RULE.

2. RATHER THAN EXEMPT CERTAIN COUNTRIES SPECIFICALLY FROM
THIS RULE, THE DEPARTMENT IS CONSIDERING THREE GENERAL
EXEMPTIONS: -- -- -

A. COVERAGE WOULD BE CONTINUED FOR INVESTMENTS IN "SMALL BUSINESS AND COOPERATIVES". ("SMALL BUSINESS" IS NOT BEING DEFINED VERY PRECISELY AT THE MOMENT, AND COULD BE INTERPRETED TO APPLY TO ANY COMPANY NOT ON THE "FORTUNE 500 LIST.")

B. OPIC COVERAGE WOULD CONTINUE FOR INVESTMENTS IN PROJECTS FOR CERTAIN RAW MATERIALS OR RESOURCES, FOR EXAMPLE ENERGY, NEEDED BY THE WORLD AT LARGE.

C. COVERAGE ALSO WOULD CONTINUE FOR INVESTMENTS IN PROJECTS THAT ARE "EXCEPTIONALLY DEVELOPMENTAL" IN THEIR IMPACT.

3. REGIONAL BUREAUS AND OFFICES WILL BE INVITED TO COMMENT ON THESE PROPOSALS SHORTLY. IT IS EXPECTED THAT THEY WILL BE REVIEWED AT AN OPIC BOARD MEETING SCHEDULED FOR SEPTEMBER 20.

4. PLEASE CABLE "STADIS -- FOR EUR ONLY" YOUR VIEWS AS TO WHETHER THE PROPOSED EXEMPTIONS WOULD PROVIDE SUFFICIENT LEEWAY TO PERMIT OPIC COVERAGE IN YOUR HOST COUNTRY ADEQUATE TO MEET OUR POLICY GOALS.

5. FOR VALLETTA: FRANK ASPHAR PICKED UP THIS OPIC POLICY INITIATIVE IN AN ARTICLE IN "BUSINESS INTERNATIONAL".
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SUBSEQUENTLY CHARGE GAUCI ALSO CALLED US ON IT, SO IT IS POSSIBLE YOU MAY RECEIVE SOME LOCAL INQUIRIES. OBVIOUSLY WE ARE NOT AT THIS STAGE IN A POSITION TO GIVE GUIDANCE ON ANY FORMAL REPLIES TO INQUIRIES THAT YOU MAY RECEIVE.
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Message Attributes

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Sent Date: 08-Sep-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
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Disposition Remarks:
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